

Comptroller

3 September 1952

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Report of Field Trip During Period 8 July to 17 August 1952.

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1. During the period 8 July 1952 to 17 August 1952, the undersigned, accompanied by Mr. ██████████ of OPC, made a trip to the major installations in Europe to assist in the implementation of the field obligation procedure as prescribed in Comptroller's Circular #1. Our itinerary was as follows:

██████████ 9 July - 16 July 1952
██████████ 16 July - 26 July 1952
██████████ 26 July - 1 August 1952
██████████ 1 August - 8 August 1952
██████████ 9 August - 16 August 1952

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Though our primary concern was the implementation of an obligation procedure, we found it necessary to assist all installations visited in other problems dealing with merging administrative offices of OSO and OPC, accounting techniques, budgets, and other issues relative to financial servicing.

2. We were most welcome at all the stations, and there was a genuine cooperation amongst all field personnel to work earnestly toward the accomplishment of a realistic obligation report. Our purpose was readily understood, and all facilities of the stations were at our disposal to effect the much needed statistics we were seeking. Further, there appeared to be a real enthusiasm over our arrival since the field personnel had questions for which no satisfactory answers or steering had been provided by Washington. They were most anxious to show us their books, files, controls, etc., and obtain a nod of approval or constructive comments. I am convinced that visits by Washington personnel are much appreciated in the field and should be more numerous. Field personnel are much aware of the fact they are working for Washington and, accordingly, they appreciate the inspections and advice from Washington to assure them they are doing what is desired. The field finance personnel should be commended on their high degree of efficiency and their earnest efforts to effect maximum control of funds and a high standard of financial servicing.

3. As a result of our survey at all the installations, it was deemed both impossible and impractical to attempt to immediately implement a procedure of pre-validation of documents representing individual obligations. There are not the facilities presently existing in the field to initiate and process such a large volume of

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documentation. Further, a great percentage of field obligations are not documented and generally are liquidated simultaneous with the incurrence of the obligation. There must be a long-range effort to indoctrinate the great numbers of Agency personnel who are incurring obligations and the burden of immediately requiring great bulks of documents from already overworked operational personnel would result in unreliable information and great delays. In lieu of this accepted procedure, we worked out alternate devices to be utilized which would give a result, yet burden the minimum numbers of persons. All of the procedures installed were understood to be probably temporary and that efforts were to be made on a long-range basis to develop, little by little, the detailed document processing and individual posting to allotment ledgers as outlined in CC #1.

4. There follows a summary of our activity at each station visited together with certain observations and needed action by Washington to improve our support of the field installations:

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In [REDACTED] we found two physically separate and distinct installations, each with separate finance offices, i.e., OSO and OPC. Though the OSO Finance Officer, Mr. [REDACTED] exercised little administrative supervision and some technical guidance over the OPC Finance Officer, his prime efforts were solely with the OSO operations. As a result of the recent directive from Washington and Mr. [REDACTED] decision, it is expected that the accounts and funds of the two offices can be merged. Mr. [REDACTED] requests that a cable be sent to him directing the merging of the two offices into one. Though it may be necessary to continue the physical separation, this should in no way alter the plans to merge the finance offices. If necessary, the OPC finance servicing can be an advance on the single set of books. It is urgently requested that an appropriate directive be sent to [REDACTED] to merge their records and submit one financial report covering the entire [REDACTED] Mission activities. In [REDACTED] the finance office has copies of each project outline and the finance personnel know, well in advance, what will be spent both for overhead support and operational projects. Accordingly, they will make an analysis of all known regular or periodic obligations by project on a work sheet. At the end of an accounting period, they will review this analysis with the vouchers recorded during the period to ascertain the obligations unliquidated. The figure thus determined added to expenses will give the total obligations. This procedure will inflict no burden on any but the finance personnel and, it is felt, will be easier and quicker for the Finance Officer to maintain. An example of this analysis is shown on the following page:

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	Normal	July	Aug.	Sept.	Oct.	-----	June
	100	x 1/	100 4/				
	75	x 2/	x 5/				
	500	<u>500</u> 2/	1,000 6/				
		<u>500</u> 3/					

- 1/ obligation paid during July
- 2/ obligation not liquidated
- 3/ total unliquidated obligations for project for month
- 4/ obligation paid for July but not for August
- 5/ obligation for August and July liquidated
- 6/ obligation for August and July not liquidated

The amount of the payment of the obligation will have no consideration, merely whether it has been paid or not. If the normal is determined inaccurate by monthly experience or revised plans, it can be changed for future obligations.

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All the personnel in the finance office, [REDACTED], feel that this device will give the maximum accuracy of unliquidated obligations presently available. They will, however, begin immediately to establish, project by project and base by base, a system of individual document processing and prior obligation of all expenditures. In all other finance servicing, the [REDACTED] station appears to be functioning well.

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a. In [REDACTED] there is a complete merging into one office all the finance functions of the entire mission regardless of the offices originally serviced. There is one cash accountability, one central set of books and files, and one finance report for the mission. Because of the size of the mission, the number of bases and operations, the [REDACTED] central office is merely a support, coordination, and audit facility for all the bases and operations. No single vouchers are processed through the central accounts but through base accounts only. For local vouchers, a [REDACTED] base finance office has been established.

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Accordingly, all vouchers and entries in the central books are funding advances and accountings. Accordingly, it was readily apparent that obligation documents and reports must originate from the bases. In view of the great volume of projects and transactions at the bases and the limited number of personnel, it was determined inappropriate to establish individual document processing and posting for obligations. However, the finance officers at the bases did not feel they could possibly estimate monthly obligations to any degree of accuracy as in [REDACTED].

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Therefore, it was determined that obligation information would have to be supplied by the operations case officers. Considerable discussions were held in [REDACTED] with the operations desk chiefs, and it was agreed that such information from case officers would not only

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serve as a source of information for obligations but could be a most useful tool for the desk chiefs to follow case officers' activities. A standard form was devised which would be filled out each month by each case officer for each project. This form would contain an itemization of estimated obligations to be incurred by, or for, each project during the month. These forms would be submitted to the

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central office by the 25th of each calendar month and would be posted to an allotment ledger as "obligations incurred." The base monthly report of expenditures would also be posted to the allotment ledgers as "obligations liquidated." Every calendar quarter, a statement of the allotment ledger would be made available to each case officer for the purpose of determining the accuracy of the current unliquidated obligations. Quarterly adjustments will be made to "obligations incurred" based upon the actual realistic valuation of current unliquidated obligations.

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d. In the interest of reducing work and having information in a small enough package for effective operational review, a consolidation of like projects with the same basic cryptonym is being made; which, it is hoped, will reduce the number of projects from 765 to a little over 200.

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a. In [redacted] there are two distinct separate stations, i.e., OSC and OPC, each with its own independent finance setup. In view of the

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25X1A lack of a Senior Representative and the plan to send [REDACTED] as Chief of Combined Administration, it was deemed premature to attempt to merge the finance accounts. Accordingly, obligation records were established in each of the finance records. Since this is a comparably small installation containing only a few operations, it was decided again to determine obligations by the Finance Office based upon project outlines, contracts, leases, and experience rather than require immediately from operations personnel detailed individual prior-obligation document processing. The procedure outlined for [REDACTED] will be followed in [REDACTED]. That is, pre-determining normal monthly obligations on a work sheet and checking this sheet monthly to see which have been paid and which have not. Since all OPC operations have been financed with counterpart funds, it will be found that unliquidated obligations reported will be negligible and almost entirely overhead.

25X1A b. We learned that negotiations were being concluded to obtain more [REDACTED] counterpart funds for a new project. It was our understanding that no more counterpart funds would be available to us after 30 June 1951. It is suggested that this matter be resolved and appropriate instruction be given the Finance Division and the Foreign Division if this activity with counterpart funds is to continue.

25X1A c. The Finance Officer, QSO, [REDACTED] has requested that copies of salary grade schedules and overtime rates be sent to him.

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25X1A a. In [REDACTED] there were three finance accounts, i.e., [REDACTED] and QSO. With the approval of the Senior Representative, we arranged both the merging physically of the offices into one and the establishment of a single set of finance records. This will make for greater utility of existing finance personnel and less duplication of effort and records. Again it was found more practical to maintain obligations on an analysis work sheet as designed for [REDACTED] however, in lieu of posting obligations, expenses, and allotments to an allotment ledger, this information will be consolidated from three sources to make the monthly report on the status of allotment accounts. A copy of the monthly reports then will, in effect, be the allotment ledgers.

25X1A [REDACTED]

25X1A [REDACTED]

25X1A [REDACTED]

25X1A [REDACTED]

c. All daily operating expenses of the communications installation in [REDACTED] (exclusive of construction costs) are charged in the field to [REDACTED] in the absence of any other information on Commo allotments.

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It is suggested that the Office of Communications designate an allotment to be charged with these expenses and advise [REDACTED]

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d. Because of the merging of the finance offices, the duties and responsibilities of finance personnel have been considerably changed. A new proposed T/O has been prepared and recently submitted to the Finance Division, which accurately reflects the job descriptions and personnel requirements.

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a. At the request of a cable from Washington, we proceeded to [REDACTED] to assist in merging the OSO and OPC Finance Offices and install an obligation system.

[REDACTED], it may not be possible to physically merge the two offices; but the Senior Representative felt that there may be no security hazard if they were located in one place. However, until that is resolved, there will be one set of books and one financial report even though it may be necessary that the office under [REDACTED]

[REDACTED] may be carried as an advance reporting to the [REDACTED] office. The OPC Finance Office has been a Class B station maintaining books and preparing reports in units of indigenous currencies, while the OSO Finance Office has been a Class A station maintaining U. S. dollar equivalents. In view of the many changes we recommended in the present bookkeeping systems, it was decided that, beginning 1 August 1952, the date of the merger, an entirely new set of books would be established in lieu of using either of the existing records for the merger. The balances in terms of U. S. dollars equivalents for both the OSO and OPC 31 July 1952 balances will be the opening entries to the new records. Initially, at least until a physical merging can be accomplished, the old OPC activity will continue as a base advance on the new records. It is felt that the [REDACTED] Mission is accomplishing a merger that is most effective and will satisfactorily accomplish the desired results. At least, the finance offices are merged to the extent possible and no major difficulties should be encountered, since we briefed all the [REDACTED] finance personnel thoroughly on this subject.

b. After considerable study and discussion of local operating conditions, it was determined that the [REDACTED] Mission will initiate an obligation system on an analysis of unliquidated obligations basis as described herein for [REDACTED] both the Chief of Mission and the Chief of Administration were convinced that no satisfactory prior-obligation documents could be obtained at the present from operations personnel in which any reliance could be placed. However, we initiated action which, it is hoped, will bring about a more realistic and accurate obligation system. A station directive will be issued requiring that a standard form be executed at such time as one-time or continuing obligations are created requiring a future payment of funds or material. Each case officer will be instructed by the Chief of Administration in its usage and processing. At such time as this directive is effectively working, the analysis system will be converted to a document processing through allotment ledgers as outlined in Comptroller's Circular #1.

[REDACTED] ~~CONFIDENTIAL~~

5. To effectively control funds in the field and to maintain allotment ledgers prescribed, it is essential that allotment advices be forwarded to the field covering all their administrative and operational activity. At the time we departed for the U. S., no allotment advices had been received in the field. We cannot expect standardization of account identifications or an effective funds control program until the field is aware of the specific projects approved and the amounts of appropriated funds made available for them.

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7. It is felt that this trip was most satisfactory. We believe that the obligation procedure has been implemented at the installations visited in the most practicable manner to obtain the desired results. We were able in many instances to assist the field personnel in their current pressing problems and resolved several of their unsettled issues. As a result of our discussions, field personnel were brought up to date on headquarters policies and procedures. Further, we obtained an understanding of field conditions and a knowledge of local operating activities which should greatly increase our effectiveness in planning and supporting overseas operations.

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